

ILLINOIS POWER COMPANY
ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01- ____

EXHIBITS SPONSORED BY DALE L. HOLTZSCHER

JUNE 1, 2001

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DOCKET NO. 01-_____

PREPARED DIRECT TESTIMONY OF

DALE L. HOLTZSCHER

JUNE 1, 2001

I. Introduction & Witness Qualifications

1. Q. Please state your name and business address.

A. My name is Dale L. Holtzscher. My business address is Illinois Power Company ("Illinois Power," the "Company," or "IPC"), 500 South 27th Street, Decatur, Illinois, 62521.

2. Q. What is your current position at Illinois Power?

A. I am the Manager of the Retail Electric Supplier ("RES") Business Center ("RBC").

3. Q. Please summarize your educational background and professional experience.

A. I graduated from Western Illinois University in 1970 with a Bachelor of Science Degree in Physics and received a Masters of Science Degree in Nuclear Engineering from the University of Missouri-Rolla in 1972. I have been the Manager of the RBC since January 2000. Prior to my current position, I was Director of Advanced Technologies and Applications from 1992 to 2000. In this position, I was responsible for the research and development program for the Company. Prior to this assignment, I held a number of positions in Illinois Power's nuclear program from 1975 to 1992. From 1985 to 1992, I was the Director-Nuclear Safety where I was responsible for a number of programs intended to ensure safe operation of the Clinton Power Station. From 1975 to 1985, I held several positions in the engineering and nuclear licensing department. Prior to joining Illinois

21 Power Company, I was employed for three years as a Nuclear Systems Engineer
22 for Northern Indiana Public Service Company.

23 4. Q. What are your responsibilities in your present position?

24 A. In my present position, I am responsible for the management of the RBC. The
25 major responsibilities of the RBC include: registration of RESs who want to serve
26 customers in Illinois Power's service territory, establishing billing arrangements
27 with these suppliers, coordinating testing of Electronic Data Interchange ("EDI")
28 and Electronic Funds Transfer with RESs, assisting customers and suppliers by
29 responding to questions and inquiries on electric choice, notifying customers and
30 suppliers of Transition Charges, maintaining a web-site on Electric Choice, pro-
31 viding customer education on Electric Choice, processing Power Purchase Option
32 applications from customers or their agents, participating in delivery service tariff
33 development and revision, and training other Illinois Power employees, such as
34 those who work in our Customer Service Center, to handle Electric Choice proc-
35 esses. The RBC is also responsible for similar activities with Meter Service Pro-
36 viders.

37 **II. Purpose & Scope**

38 5. Q. What is the purpose of your testimony?

39 A. The purpose of my testimony is threefold. I describe: (1) the differences that
40 have arisen since IPC described its RBC-related processes in its first Delivery
41 Service Tariff ("DST") case, Docket Nos. 99-0120 & 99-0134, including any new
42 proposals; (2) the additional changes we are proposing to address the fact that
43 residential customers become eligible for delivery services in May 2002; and (3)
44 the resource impacts on Illinois Power from the first two points.

45 6. Q. How is the remainder of your testimony organized?

46 A. I approach each of the above topics on an issue-by-issue basis.

47 7. Q. Do you have any general observations before you address specific issues?

48 A. Yes. As IP witness Voiles describes in her testimony, IPC's delivery services
49 tariffs are being revised in an effort to simplify and restructure them and updated
50 to incorporate residential customers becoming eligible for electric choice. Fur-
51 thermore, our Delivery Services Implementation Plan ("DSIP") is being updated
52 to reflect the addition of residential customers. My testimony is not related to
53 these efforts. In general, the tariff simplification process was not intended to
54 change the substance of our practices but rather to make those documents more
55 understandable to the reader. Furthermore, to the extent changes in IPC's proc-
56 esses and related tariff provisions have already been approved and implemented
57 as a part of other cases and filings, I do not in general address them again here,
58 but rather treat them as the baseline. In those areas where we are making sub-
59 stantive changes (for example, by offering additional choices to the RES and/or
60 the customer), I have attempted to note them.

61 Also, even though some of our processes may not have changed, the cost
62 of providing the service may have. In those instances, IP witness Althoff pro-
63 vides the support for the charges. Finally, I note that Ms. Voiles sponsors the tar-
64iffs and DSIP that incorporate the points made in my testimony.

65 **III. RES Registration**

66 8. Q. Is IPC proposing any changes to its processes for registering a RES in Illinois
67 Power's service area at this time?

68 A. Yes. We are reducing the requirements for a creditworthiness check to only two
69 situations: (1) for a RES who will be using the Consolidated RES Billing Option;

70 and (2) as provided for in the Company's Open Access Transmission Tariff for
71 the RES or its Transmission Service Agent.

72 **IV. Customer Authorization and Consumption Requests**

73 9. Q. Have the processes whereby either a RES or a customer can obtain data from IPC
74 changed since the first DST case?

75 A. Yes. At first, the processes for requesting and sending consumption data were
76 limited to manual and EDI. In an effort to facilitate the process and the ease with
77 which customers could access the data, we developed a web-based service called
78 "Customer Service On-line." This service permits a customer access to its own
79 historical billing and consumption data. Transition Charge ("TC") data has sub-
80 sequently been added.

81 Also, in response to requests from customers, their agents and RESs and
82 as an outgrowth of the Uniformity case (Docket No. 00-0494), we now offer two
83 other web-based applications. The first ("Customer Specific Data") handles his-
84 torical consumption data for non-interval-metered accounts as well as summary
85 data for interval metered accounts; the second ("Interval Metered Data") provides
86 access to the detailed consumption data for interval metered accounts.

87 In addition, RESs can currently obtain consumption data for non-
88 residential customers through the use of the Power Purchase Option ("PPO") cal-
89 culator, which I address in greater detail later in my testimony.

90 Furthermore, in order to provide RESs and agents with an alternative to
91 being billed a separate charge each time they access customer specific informa-
92 tion directly via our web-site or indirectly via the web-based version of our PPO
93 calculator, we are proposing another option under which RESs and agents can
94 obtain this information by paying a monthly access fee of \$47.00. Ms. Althoff

95 develops the cost support for this monthly fee. This monthly fee will only apply
96 when accessing historical customer information via the web either directly or in-
97 directly through the PPO calculator. The proposed fee was developed using rea-
98 sonable assumptions of the number of times a RES or agent is likely to access
99 data from these two applications over the course of 12 months. There will, there-
100 fore, be a contractual obligation that this service be taken for 12 months at a time.
101 Requests for interval-metered data as well as manual and EDI requests for non-
102 interval meter data will continue to be assessed the per-request fee.

103 **V. Transition Charges**

104 10. Q. Have the processes for calculating TCs and releasing those values to a RES or
105 customer changed since the first DST case?

106 A. Yes. IPC continues to observe the agreement reached by the parties in the
107 Commission's Uniformity docket, which necessitates written authorization, be-
108 fore releasing to any third party, TC values and/or summary data for any customer
109 whose load is 1 MW or greater. Because of this "1 MW" principle, this informa-
110 tion is not available within the IPC web-site applications. For customers with a
111 smaller load, we only require written authorization from the customer's agent but
112 not from a RES. A customer (using a PIN) or a RES (using its own PIN) can ob-
113 tain this information from Customer Service On-Line or Customer Specific Data,
114 respectively, on our web-site. In all cases (that is, regardless of the customer's
115 load), we require written authorization to release the detailed back-up data for a
116 TC calculation to any person (including an agent) other than the actual customer.
117 This IPC requirement is also based on the agreement of the parties in the Uni-
118 formity docket.

119 11. Q. Is Illinois Power proposing any changes to its TC processes due to the fact that
120 residential customers will become eligible for delivery services on May 1, 2002?

121 A. No, we do not believe any further changes are needed.

122 **VI. Direct Access Service Requests**

123 12. Q. Is IPC proposing any changes to its processes for handling a Direct Access
124 Service Request (“DASR”) at this time?

125 A. Yes. We are proposing an option to allow off-cycle switching to SC 110 via an
126 EDI submission where the power and energy are supplied by the RES. Manual
127 DASRs continue as an option as well.

128 13. Q. Is Illinois Power proposing any changes to the DASR process due to the fact that
129 residential customers will become eligible for delivery services on May 1, 2002?

130 A. No, we do not believe further changes are needed.

131 **VII. Off-Cycle Switching**

132 14. Q. Is IPC proposing any changes to its processes for handling off-cycle switching at
133 this time?

134 A. Yes. First, IP is proposing to eliminate the requirement of enrolling in Off-Cycle
135 Switching Service. The enrollment process will no longer be necessary. Instead,
136 RESs or CSMs submitting DASRs for Off-Cycle Switching will need to mark an
137 appropriate field on the DASR form to ensure that an off-cycle switch is actually
138 being requested. If the appropriate field is not marked, the DASR will be treated
139 as an “on-cycle” switch request, and the Activation Date will be the customer’s
140 next regularly scheduled meter reading date that is at least 7 days from the date
141 the DASR is submitted. This change should simplify the process by reducing pa-
142 perwork while still protecting suppliers and agents from unintentional off-cycle
143 switches and the associated fees.

144 Second, four new fees are being proposed to replace the current Off-Cycle
145 Switching Fee. Currently, any Customer Self-Manager or RES who wishes to
146 switch a customer to delivery service on a day other than the next regularly
147 scheduled meter reading date for that customer must (a) submit the Off-Cycle
148 Switching Request manually to IP and (b) pay a \$50 fee for the switch. In an ef-
149 fort to provide additional options to customers and suppliers, we are proposing to
150 retain the off-cycle switching option, but to no longer require a manual process
151 for using the service. Instead off-cycle switches can be done via EDI. The asso-
152 ciated services and fees follow:

- 153 (1) Our proposed fee for EDI Off-Cycle switching for a customer ac-
154 count that has a non-interval meter is \$10.00 per meter/account.
- 155 (2) Our proposed fee for EDI Off-Cycle switching for a customer
156 account that has an interval meter is \$30.00 per meter/account.
- 157 (3) Our proposed fee for manual Off-Cycle switching for a customer
158 account that has a non-interval meter is \$17.00 per meter/account.
- 159 (4) Our proposed fee for manual Off-Cycle switching for a customer
160 account that has an interval meter is \$37.00 per meter/account.

161 The basis for the difference in pricing of these options is both the reduc-
162 tion in manual time spent on the new service (as well as the greater amount of
163 time spent on manual requests in comparison to EDI requests) and the shorter
164 time it takes to handle switches for non-interval versus interval metered custom-
165 ers. I estimate that for non-EDI submissions we will spend 15 minutes handling
166 the customer contact and questions whereas for an EDI submission, this time is
167 reduced to 5 minutes. Furthermore, I estimate that verifying the billing informa-
168 tion takes 10 minutes for non-interval meter accounts, but takes 30 minutes for

169 interval meter accounts. I estimate that account maintenance time is about the
170 same in all four scenarios, 10 minutes. However, there is an additional 20 min-
171 utes spent on interval meter accounts uploading the interval meter data. I have
172 supplied these labor estimates to Ms. Althoff who has then developed the cost ba-
173 sis for the fees I set forth above.

174 Please note that these fees will be in addition to any applicable DASR or
175 termination fees associated with the switch.

176 15. Q. Is Illinois Power proposing any changes to its off-cycle switching process to
177 accommodate residential customers?

178 A. No, other than as described above. The desire to assist residential customers and
179 their RESs switch off-cycle was a primary factor in developing the new menu of
180 off-cycle switching options and fees.

181 **VIII. Power Purchase Option**

182 16. Q. Is IPC proposing any changes to its processes for handling power purchase option
183 (“PPO”) requests at this time?

184 A. No.

185 17. Q. Is Illinois Power proposing any changes to its PPO processes to accommodate
186 residential customers?

187 A. No, because it is my understanding that PPO service is not available to residential
188 customers.

189 18. Q. Is IPC offering any services that allow the customer (or others such as a RES) to
190 determine the estimated cost differences between bundled rates and service under
191 Rider PPO?

192 A. Yes. We developed a PPO calculator to provide such estimates. Initially, we per-
193 formed these calculations manually, but in an effort to provide customers and oth-

ers with the ability to make their own determinations, we developed a web-based model. The calculator has been available to suppliers since March 2001, and we anticipate making it available to customers and agents later this year.

19. Q. How does the PPO calculator work?

A. To access the proper portion of our web-site, the customer, RES or customer's agent enters its own PIN number. Then, upon entry of the customer's account number and meter number, the PPO calculator automatically populates the data and runs the necessary operations. The calculator compares PPO pricing to the pricing under the customer's existing bundled service classification for that account.

20. Q. Does IPC charge a fee to use the PPO calculator?

A. Not at the current time; however, we are proposing to charge \$4.50 per service classification calculation per account if obtained from the web and \$12.50 per service classification calculation per account if the calculation needs to be done manually by someone at IP, with \$1.00 of each fee representing the charge for consumption data and the remainder for the analysis. For those who choose the monthly fee option, the charge is \$47.00 per month. This service has value to the user (and has been requested by RESs and others), in particular because of the feature by which the calculator automatically populates the data as needed (thereby saving the user from having to do so and minimizing data entry errors).

The difference in pricing between the fee for use of the web-based application and the fee for manual calculations is due to the added time required to individually calculate the rate manually and discuss it with the customer, agent or RES. In particular, I estimate that maintaining the PPO calculator for web-site access will take a total of 48 hours a year. Ms. Althoff calculates the cost basis

for the fee based on this labor estimate. For those who require a manual calculation, I estimate that maintaining the manual calculator will only require 24 hours per year; however, 15 minutes per request per account by an IPC employee will also be required. Again, Ms. Althoff translates these labor estimates into the cost bases for the individual fees.

IX. Consolidated RES Billing Option

21. Q. Is Illinois Power proposing any changes to its processes regarding its Consolidated RES Billing Option, which is also known commonly as the Single Billing Option (“SBO”), for either residential or non-residential customers?
- A. No, but I note that Ms. Althoff updates our SBO credit when a RES provides a single bill to the customer (*i.e.*, a bill that includes both our delivery (and related) charges and the RES’ energy charges).

X. Additional Personnel & Customer Education

22. Q. Is the Company anticipating hiring any additional employees to accommodate the fact that residential customers become eligible for delivery services on May 1, 2002?
- A. Yes. The RBC and other groups are currently staffed to handle the volume and type of questions raised by non-residential customers. With the advent of residential choice, we are anticipating a substantial increase in the volume of calls to our Customer Service Center by residential customers seeking to understand their options as well as from RESs seeking to serve these customers. To have sufficient employees trained to answer these questions without otherwise impacting our responsiveness to our other callers, we are in the process of adding 2 RBC Account Managers (who are anticipated to begin employment during the fourth quarter of this year) and 20 Customer Service Representatives (all of whom are

244 expected to begin employment in January 2002). Of course, these employees will
245 also be available to respond to questions from customers, RESs and agents about
246 non-residential choice. The annual, pre-tax, additional labor expense to the Com-
247 pany is estimated at \$937,000, while the net-of-tax expense is \$565,000. The de-
248 tail for these figures is contained on IP Ex. 7.2. I have supplied this information
249 to IP witness Mortland for him to use in determining the overall distribution reve-
250 nue requirement.

251 23. Q. What are the Company's plans for providing information to residential customers
252 on electric choice?

253 A. Illinois Power is participating on the team sponsored by the Commission's
254 Division of Consumer Affairs to address residential customer education. We in-
255 tend to coordinate our efforts with the final recommendations of that team. Some
256 of our current plans include:

257 Developing a summary document (possibly in brochure format) that
258 provides an overview of residential choice. Our plan is to place this document on
259 our web-site and to mail it to any customer requesting overview information.

260 Developing a multi-page document that describes residential electric
261 choice more thoroughly. Our plan is to place this document on our web-site and
262 to mail it to any customer requesting detailed information.

263 Developing a series of articles to be included in our *Powerlines*, a news-
264 letter that is mailed with our customer bills. The articles would provide informa-
265 tion on residential customer choice and address frequently asked questions.

266 Enhancing the Electric Choice section of our web-site to contain tariff
267 information, frequently asked questions and a list of registered suppliers, all tai-
268 lored to residential customers.

269 Developing press releases announcing significant milestones associated
270 with residential choice.

271 Developing information (such as significant milestones and reminders) to
272 be placed in the Bulletin Board section of residential customers' bills.

273 **XI. Partial Requirements Service**

274 24. Q. Is the Company proposing any changes to its processes regarding split-load
275 customers?

276 A. Yes, we are proposing adding a Rider (Rider PRS) to specifically handle those
277 situations in which a customer desires to place part of its load on delivery serv-
278 ices, while continuing to keep part of its load on bundled service. IP witness
279 Jones describes the new Rider. From an administration perspective, I estimate we
280 will spend 16 hours initializing this service for a customer: (a) 8 hours by an
281 RBC account manager to discuss this option with the customer and/or its RES and
282 perform any necessary analysis, and (b) 8 hours split between an RBC account
283 manager and a billing clerk to coordinate work needed on the customer's account.
284 I estimate it will also take 5 hours to develop, prepare and review the necessary
285 contract (4 hours by an RBC account manager and 1 hour by an attorney). To
286 support these two preliminary phases, I estimate we will also need 3.5 hours of
287 clerical support (1.5 hours by an accounting clerk and 2 hours by a Customer
288 Service Representative).

289 On an ongoing basis, I estimate a clerk will need to spend 2 hours a year
290 verifying the data for non-interval metered customers and 8 hours a year for inter-
291 val metered customers.

292 Ms. Althoff calculates the cost basis for our administrative fees based on
293 these labor estimates: \$80.00 for non-interval metered customers and \$100.00 for
294 interval metered customers.

295 25. Q. Does this conclude your prepared direct testimony?

296 A. Yes.

ILLINOIS POWER COMPANY
Additional Labor Expense for Residential Customer Choice

Line No.	Account Number	Account Description	Estimated Labor Cost/Hour	Estimated Annual Number of Hours	Jurisdictional Proforma Adjustment - Debit (Credit)
	(A)	(B)	(C)	(D)	(E) (\$000)
Payroll					
1	908	Two (2) RBC Account Managers	\$ 27.56	2080	\$ 115
2	908	Twenty (20) Customer Service Representatives	14.38	2080	598
3		Pre-Tax Subtotal			<u>713</u>
Pensions and Benefits					
4		Number of Employees Affected			22
5		Average Employee Pension and Benefit Cost			10
6	926	Pre-Tax Subtotal			<u>224</u>
7		Total Pre-Tax Adjustment			<u>937</u>
8		Federal Income Taxes -- 32.487%			(304)
9		State Income Taxes -- 7.18%			<u>(67)</u>
10		Net Tax Adjustment			<u>\$ 565</u>
11		Adjustment Description: To account for the cost of additional personnel required for implementing residential customer choice.			

Total Co. P&B/2037 employees
Line 4 x Line 5
Line 3 + Line 6